

## FISCAL NOTE

### HB 3074 - SB 3415

February 20, 2008

**SUMMARY OF BILL:** Requires local education agencies (LEAs) to add a one percent cost of living salary adjustment into their salary schedules for licensed personnel if there is a percentage increase in the consumer price index of at least one-half of one percent.

#### ESTIMATED FISCAL IMPACT:

**Increase Local Expenditures\* - \$31,310,000**

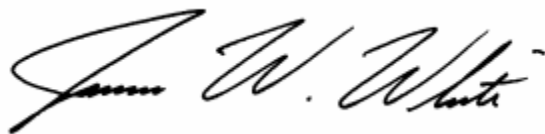
Assumptions:

- Cost of living salary adjustment will be borne by local governments. No impact on BEP funds.
- According to the Department of Education, approximately \$2,700,000,000 in state expenditures and approximately \$431,000,000 in local expenditures are spent annually on LEA salary schedules for licensed personnel.
- The-cost-of-living adjustment will be one percent of the entire cost of the salary schedule. The total cost of the salary schedule is \$3,131,000,000 (\$2,700,000,000 state + \$431,000,000 local = \$3,131,000,000). One percent of \$3,131,000,000 is \$31,310,000.
- The total increase in local expenditures will be \$31,310,000.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

#### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/msg

**HB 3074 - SB 3415**